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May 31, 1988

RECORDATION NO. 1

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\*NOT ADMITTED IN D.C.  
\*\*ADMITTED IN MD.

INTERSTATE COMMERCE COMMISSION

DELIVERED BY HAND

Ms. Noreta R. McGee  
Secretary  
Interstate Commerce Commission  
12th Street and Constitution Avenue, N.W.  
Washington, D.C. 20423

Dear Ms. McGee:

I have enclosed an original and two copies of the documents described below, to be recorded pursuant to Section 11303 of Title 49 of the United States Code.

(1) The first document is a Lease Agreement, a primary document, dated July 10, 1985, and covering one (1) GP-10 diesel electric locomotive unit, bearing road number 8082.

The names and addresses of the parties to the Lease are as follows:

Lessor: Precision National Corporation  
R. D. #6, Box 257-A  
Ackerly Road  
Clarks Summit, Pennsylvania 18411

Lessee: Gulf & Mississippi Railroad Corporation  
P.O. Box 9527  
Columbus, Mississippi 39705

(2) The second document is an Assignment Agreement, a secondary document, dated March 24, 1988. The primary document to which this is connected is the aforementioned Lease Agreement.

C. C. Stoff

Ms. Noreta R. McGee

-2-

May 31, 1988

(3) The third document is a Bill of Sale, executed in conjunction with the Assignment Agreement, dated March 24, 1988.

The names and addresses of the parties to the Assignment Agreement and the Bill of Sale are as follows:

Assignor: Precision National Plating Services, Inc.  
R. D. #6, Box 257-A  
Ackerly Road  
Clarks Summit, Pennsylvania 18411

Assignee: MidSouth Rail Corporation  
111 E. Capitol Street  
Jackson, Mississippi 39201

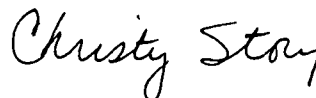
A check made payable to the Commission in the amount of \$13.00 for the fee has already been received by the Commission. Please return the original and one copy of the documents, both evidencing recordation, to:

Laurence R. Latourette  
Weiner, McCaffrey, Brodsky & Kaplan, P.C.  
1350 New York Avenue, N.W.  
Suite 800  
Washington, D.C. 20005-4797

A short summary to appear in the index follows:

7/10/85 Lease Agreement, covering one (1) GP-10  
diesel electric locomotive unit, number 8082;  
3/24/88 Assignment and Bill of Sale covering same.

Very truly yours,



Christy Story  
Legal Assistant

Enclosures

JCS/lr/3240F/7170-2

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MAY 31 1988-1 23 PM

INTERSTATE COMMERCE COMMISSION

## PRECISION NATIONAL CORPORATION

## LEASE OF DIESEL ELECTRIC LOCOMOTIVE UNIT

THIS AGREEMENT, made this 10 day of July, 1985, between Precision National Corporation (hereinafter called "Precision") and the Gulf & Mississippi Railroad Corporation (hereinafter called "Lessee"):

W I T N E S S E T H :

1. Precision, for and in consideration of the rents, covenants and conditions hereinafter mentioned, agrees to lease to Lessee:

One (1) each model GP10 diesel electric locomotive unit, road number 8082.

2. Precision agrees to deliver said locomotive unit to Lessee on date to be mutually agreed upon, FOB Mt. Vernon, Illinois. Following such delivery, Lessee will perform servicing and necessary Federal Inspections to place the unit in service. The terms of this lease shall begin the 10 day of July, 1985, it being understood and agreed that Lessee shall have the right to re-deliver to Precision the aforesaid unit at any time after five years. This lease shall thereupon terminate as to the unit re-delivered and returned. Re-delivery of the locomotive unit by Lessee to Precision shall be deemed to have been made on the date Lessee notifies Precision by Western Union telegram that the unit has been taken out of service by Lessee. Subsequent to such termination of the lease, with respect to the leased locomotive unit, Lessee will deliver the locomotive unit to Mt. Vernon, IL or, if mutually agreed upon, to any other terminal on Lessee's lines. From the time the locomotive unit is placed in service by Lessee until the time Precision is notified by Lessee that it has been taken out of service, the locomotive unit shall be deemed to be in the possession of the Lessee.

3. For the locomotive delivered by Precision to Lessee in accordance with preceding paragraph 2, Lessee agrees to pay to Precision a daily rental of \$85.00 (eight-five dollars) per unit per calendar day from and including the 10 day of July, 1985, to but not including the day when Lessee notifies Precision that locomotive unit has been taken out of service, in accordance with preceding paragraph 2 hereof.

Lessee will have the option to purchase above unit at the end of the five year lease period for \$10,000 (ten thousand dollars).

4. Lessor shall submit invoices to the Lessee at the beginning of each month and such invoices shall be paid by the Lessee promptly upon receipt thereof.

5. Lessee further agrees that while the locomotive unit is in its possession, it will, at its own expense, maintain and keep the locomotive unit in good order and proper repair, ordinary wear and tear excepted, in accordance with the provisions of Schedule A attached to and made a part hereof. Lessee shall not be required to pay the daily rental on locomotive unit while such unit is withheld from service pending any of the work outlined in Item 1 of Section B of said Schedule A. Lessee further agrees to keep and maintain and to make available to Precision such records of Lessee's use, operation, inspection, repairs and maintenance of locomotive unit, while in its possession, as shall be reasonably required by Precision. Precision shall have the right at all reasonable times to enter upon the property of Lessee to inspect the locomotive unit and records while in the possession of Lessee.

6. In case the locomotive unit, while in the possession of Lessee, should become lost, destroyed or damaged beyond repair from any cause whatsoever, rental with respect to such locomotive unit shall cease immediately, but in such case, Lessee agrees to pay Precision cash in an amount of \$79,400 (seventy-nine thousand, four hundred dollars).

7. If Precision shall recover any monies from salvage, insurance, manufacturer's warranty or from any person, firm or corporation other than Lessee, with respect to any repair, maintenance, loss damage or destruction to the locomotive unit, the cost of which has been or is to be borne by Lessee, Precision agrees to pay over to Lessee such monies, after deducting any costs and expenses incident to the recovery of the same, up to an amount sufficient to reimburse Lessee for costs borne by Lessee.

8. Lessee shall comply with all governmental laws, regulations and requirements, and with all rules of the Association of American Railroads, or any successor thereto, with respect to use, maintenance and operation of the locomotive unit while in the possession of Lessee.

9. Lessee shall promptly pay or reimburse Precision for all taxes, assessments and other governmental charges levied or assessed upon the interest of the Lessee in the locomotive unit or upon the use or operation thereof while in the possession of Lessee.

10. Subject to the provisions of paragraph 6 and 7 hereof, Lessee agrees to and does hereby release, indemnify, protect and save harmless Precision, its successors and assigns, from and against all costs or expenses resulting from any and all loss, injury or damage to any person, firm or corporation and from any and all claims, demands or actions for such loss, injury or damage, caused by, growing out of, or in any way connected with the possession, use, maintenance or operation of the locomotive unit by Lessee. The foregoing release and indemnification shall apply to matters or things occurring only between the time the locomotive unit is delivered to Lessee and re-delivered to Precision in accordance with paragraph 2 of this agreement.

11. If either party hereto shall fail to observe and perform any covenant, condition or agreement herein on its part to be observed and performed and such failure shall continue for ten days after receipt of written notice from the aggrieved party specifying the failure and demanding the same to be remedied, then, in any such case, the aggrieved party, at its option, may:

- (a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance of the applicable covenants, conditions or agreements of this instrument or to recover damages for the breach thereof; or
- (b) By notice in writing to the defaulting party, immediately terminate this agreement, and thereupon said locomotive unit then in the possession of Lessee shall be re-delivered promptly to Precision under the provisions of paragraph 2 of this agreement, and in the event Lessee shall not promptly re-deliver said locomotive unit to Precision, Precision shall have the right to enter upon the premises of Lessee and take possession thereof.

The aforesaid remedies shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies existing at law or in equity in favor of either party.

12. This agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto with the same force and effect as if they had been herein specifically named.

13. At the beginning and termination of lease, there will be a joint inspection of locomotive unit so as to determine that this unit will be received by the Gulf & Mississippi Railroad Corporation in good operating condition and that it will be returned to Precision National Corporation in good operating condition less normal wear and tear.

IN WITNESS WHEREOF, Precision and Lessee have caused these present to be duly executed, as of the day and year first above written.

PRECISION NATIONAL CORPORATION

By: TM Pills

Witness:

Jeanne C. Reisinger

GULF & MISSISSIPPI RAILROAD CORP.

By: Thomas R. Newton

Witness:

Melue Bell

SCHEDULE A

ACCOMPANYING LEASE OF DIESEL ELECTRIC LOCOMOTIVE

DATED July 10, 1985

The Gulf & Mississippi Railroad Corporation hereby agrees to assume maintenance and repair responsibility for diesel electric locomotive unit under above lease while in Lessee's possession as follows:

- A. Lessee will, at its expense, perform all running repair maintenance work, lubrication and inspection on locomotive unit in accordance with manufacturer's recommendations and ICC requirements, or as may be agreed to in writing between the two parties.
- B. Lessee will be required to perform or pay for any of the following work, which shall not be the obligation of Precision:
  - 1. Class or so-called "heavy" repairs.
  - 2. Mileage inspection of traction motors.
  - 3. Design changes, modifications or special examinations recommended or requested by Lessee.
- C. Diesel Engine or Main Generator damage:
  - 1. In the event that any Precision locomotive unit, while rented to Lessee, sustains extensive damage to diesel engine or main generator and there exists a question whether the damage resulted from condition when received, locomotive unit will be held "as is" and Precision notified by wire that joint investigation is desired. Rental payments provided for in paragraph 3 of this agreement shall not apply during period any unit is held in "as is" condition beginning with date of notification from Lessee to Precision by Western Union telegram and ending with date preceding date the unit is returned to service.
  - 2. Locomotive unit will be held "as is" for seventy-two hours awaiting Precision representative. If no representative arrives, investigation will proceed and Lessee's findings will be final.
- D. Modifications.

The provisions of this Schedule may be amended or supplemented from time to time by agreement in writing.
- E. Cabs of units shall be cleaned, engine rooms cleaned and carbodies washed prior to re-delivery.

ASSIGNMENT

REGISTRATION NO. \_\_\_\_\_ FILE NO.

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INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT made this 24th day of March, 1988 between Precision National Plating Services, Inc. (formerly known as Precision National Corporation, and hereinafter called "Precision"), MidSouth Rail Corporation (hereinafter called "MidSouth") and Gulf & Mississippi Railroad Corporation (hereinafter called "Gulf").

WHEREAS, Precision and Gulf entered into a Lease Agreement dated July 10, 1985 wherein Precision leased one diesel electric locomotive unit (model GP10 diesel electric locomotive unit, road number 8082) for five years (hereinafter called "Lease Agreement") upon the terms set forth in said Lease Agreement, a copy of which is attached hereto; and,

WHEREAS, Precision has, simultaneously to the signing of this Assignment, sold to MidSouth and MidSouth has purchased the above referenced diesel electric locomotive unit; and,

WHEREAS, Precision, MidSouth, and Gulf wish to have the duties and obligations of Precision under the Lease Agreement assigned to MidSouth; and,

WHEREAS, MidSouth desires to acquire the rights and assume the duties of Precision under the Lease Agreement.

For valuable consideration, receipt of which is hereby acknowledged

IT IS HEREBY AGREED

1. Assignment - Precision hereby assigns to MidSouth all of Precision's rights, titles, and interests in the Lease Agreement.

2. Performance of Duties - MidSouth hereby assumes and covenants to perform all the duties of Precision under the Lease Agreement, and agrees to hold Precision harmless from any claim or demand made thereunder.

3. Consent and Waiver of Duties - Gulf hereby gives its consent to this Assignment, ratifies and confirms its obligations under the Lease Agreement, recognizes MidSouth as lessor under the Lease Agreement, and releases Precision of all duties and liabilities under the Lease Agreement.

IN WITNESS WHEREOF the parties have signed this Assignment as of the date first above written.

PRECISION NATIONAL PLATING  
SERVICES, INC.

By: Bud L. Owen, Controller

MIDSOUTH RAIL CORPORATION

By: E. C. Mayson

GULF & MISSISSIPPI RAILROAD  
CORPORATION

By: P. F. Tunnell



## BILL OF SALE

Seller, Precision National Plating Services, Inc. in consideration of Fifty-Two Thousand (\$52,000.00) Dollars, receipt whereof is hereby acknowledged, does hereby sell, assign, transfer and set over to Buyer, MidSouth Rail Corporation the following described personal property, to-wit:

One model GP10 diesel electric locomotive  
unit, road number 8082

Seller hereby represents and warrants to Buyer that Seller is the absolute owner of said personal property, that said personal property is free and clear of all liens, charges, and encumbrances, except for the Lease Agreement dated July 10, 1985 between Seller and Gulf & Mississippi Railroad Corporation, and that Seller has full right, power and authority to sell said personal property and to sign and deliver this Bill of Sale.

Except as otherwise provided in this Bill of Sale, Seller is not making any representations or warranties with respect to the personal property, express or implied, of any nature, including but not limited to, any warranties of merchantability or warranties of fitness for a particular use. All warranties of quality, fitness, and merchantability are hereby excluded. Said personal property is sold "AS IS" and "WHERE IS".

IN WITNESS WHEREOF, Seller has signed and sealed this Bill of Sale at Clarks Summit, Pennsylvania this 24th day of March, 1988.


PRECISION NATIONAL PLATING  
SERVICES, INC.

By: Burl S. Durne, Controller

STATE OF MISSISSIPPI  
COUNTY OF HINDS

BEFORE ME, the undersigned authority on this day personally E. L. Moyers and P. F. Turrell, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the foregoing instrument as the act of MidSouth Rail Corporation and Gulf & Mississippi Railroad Corporation, corporations, respectively, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 24th day of March, 1988.

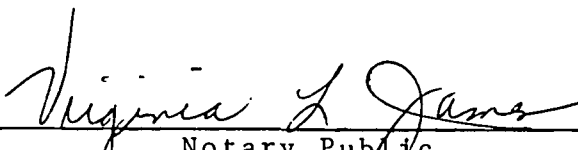
  
\_\_\_\_\_  
Notary Public

My Commission Expires August 11, 1990

STATE OF PENNSYLVANIA  
COUNTY OF LACKAWANNA

BEFORE ME, the undersigned authority on this day personally Brad S. Owens, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the foregoing instrument as the act of Precision National Plating Services, Inc. for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 16th day of May 1988.

  
\_\_\_\_\_  
Notary Public  
VIRGINIA L. JAMES, Notary Public  
South Abington Twp., Lacka. County, Pa  
My Commission Expires June 29, 1991